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OLL 84-3558
18 September 1984

MEMORANDUM FOR: Director, Office of Personnel

VIA: Chief, Liaison Division/OLL

FROM:
Liaison Division/OLLSUBJECT: Legislative Agenda for 99th Congress:
Personnel Issues

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1. On 14 September, I met with Tom DeYulia, Staff Director of the House Post Office and Civil Service Committee. This memorandum reports DeYulia's opinions and prognostications regarding what will happen next year. The Staff Director is in a position to be highly informed and he came across as being forthcoming during the meeting.

2. Personnel issues to be addressed in 1985
DeYulia stated that his Committee will not introduce legislation that will change or modify Federal employee health benefits; he said there may be legislation to make minor, mechanical or technical changes in how health benefits are distributed. He said that he would like to see legislation involving the Federal pay system, "because we really do not have a pay system." However, it is unlikely that a bill changing the Federal pay system will be introduced next year. The supplemental retirement system will dominate work by the Committee through CY 1985; the remainder of this memorandum reports DeYulia's views on how that will go.

3. Timing for House Legislation

--In November/December 1984, two studies requested by the Committee will be issued: Hay Associates will report on the various retirement packages used by state and municipal governments and in the private sector. This report, which

he is ready to believe over previously published surveys of non-Federal Government systems, will serve as a yardstick by which changes to the existing retirement system will be evaluated. The Congressional Research Service will report on optional models of retirement packages; the objective will be to show the range of possibilities rather than offer 3 or 4 options from which to choose. The models will be based on the pension plans and fringe benefits found in the private sector, state and municipal government and illustrate the building blocks that comprise many of these systems. Both reports will be made available to the public.

--In February/March 1985, Chairman Ford will introduce a bill for a Supplemental Retirement System for Federal employees hired after 31 December 1983.

--In April/May 1985, the full Committee will hold hearings on this legislation, and "we will see where we go from there."

4. Characteristics of the House Supplemental Retirement Package

DeYulia emphasized that a lot of work would have to be done and that many questions remained unanswerable. He stated with confidence, however, that the House version would consist of three elements:

- a. Social Security would be the first, base level;
- b. A second level would consist of a defined benefit plan to be funded by the Federal government and based on a formula involving years of service and age;
- c. The third level would be a capital accumulation plan (or thrift plan) whereby employees can elect to invest up to a given percentage of their salary, on a tax-deferred compounded bases, in their credit union, savings bonds, or whatever. The government would match contributions up to a given percentage.

In terms of age, DeYulia referred to the Social Security system in which the benefits are triggered by age 62. He stated that the new system would likely coincide, with a

formula enabling employees to retire prior to age 62 with a reduction in benefits. He states Chairman Ford would definitely want a lower age for special occupation groups, such as law enforcement officers and firemen.

5. Changes to Current Civil Service System

DeYulia stated that the House Committee will not introduce any legislation that would change the existing Civil Service system. He said that employees would be able to elect the new system on a voluntary bases and that the closer employees are to the Civil Service retirement age of 55, the less likely they would be to switching. He expects that the Administration will try to have introduced legislation that would make current Civil Service employees work more years for fewer benefits. De Yulia does not know who the Administration would try to get to introduce this kind of legislation.

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7. Will Congress Enact a Supplemental Retirement Package in CY 1985?

DeYulia will not of course, answer this question directly, but I think he would place his bet on "NO."

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